

STEPHANIE M. HINDS (CABN 154284)  
Acting United States Attorney

HALLIE HOFFMAN (CABN 210020)  
Chief, Criminal Division

DAVID COUNTRYMAN (CABN 226995)  
CHRIS KALTSAS (NYBN 5460902)  
CLAUDIA A. QUIROZ (CABN 254419)  
WILLIAM FRENTZEN (LABN 24421)  
Assistant United States Attorneys

450 Golden Gate Avenue, Box 36055  
San Francisco, California 94102-3495  
Telephone: (415) 436-436-7428  
FAX: (415) 436-7234  
claudia.quirroz@usdoj.gov

Attorneys for United States of America

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

|   |   |  |
|---|---|--|
| UNITED STATES OF AMERICA,                   | ) | CASE NO. CV 20-7811 RS                 |
| Plaintiff,                                  | ) |  |
| v.  | ) | DECLARATION OF JEREMIAH HAYNIE IN      |
| Approximately 69,370 Bitcoin (BTC), Bitcoin | ) | SUPPORT OF UNITED STATES' MOTION TO    |
| Gold (BTG), Bitcoin SV (BSV), and Bitcoin   | ) | STRIKE THE CLAIMS OF CLAIMANTS BATTLE  |
| Cash (BCH) seized from                      | ) | BORN INVESTMENTS COMPANY, LLC, FIRST   |
| 1HQ3Go3ggs8pFnXuHVHRytPCq5fGG8Hbhx          | ) | 100, LLC AND 1ST ONE HUNDRED HOLDINGS, |
| Defendant.                                  | ) | LLC                                    |
|   | ) | Hearing Date: August 20, 2021          |
|   | ) | Time: 1:30 p.m.                        |
|   | ) | Court: Hon. Richard Seeborg            |

I, JEREMIAH HAYNIE, state as follows:

1. I am a Special Agent with the Criminal Investigation Division of the Internal Revenue Service ("IRS-CI"). I am a case agent assigned to this case. I respectfully submit this declaration to provide certain relevant information in support of the United States' Motion to Strike the claims filed by Claimants Battle Born Investments Company, LLC; First 100, LLC; and 1st One Hundred Holdings, LLC ("Claimants"). I personally conducted the blockchain analysis of the bitcoins at issue in this case

1 and was involved in the investigation from its inception to the present day.

## 2 **INDIVIDUAL X**

3 2. On approximately May 6, 2012, Individual X stole 70,411.46 BTC from addresses  
4 controlled by Silk Road and transferred it to two Bitcoin addresses—  
5 1BADznNF3W1gi47R65MQs754KB7zTaGuYZ and 1BBqjKsYuLEUE9Y5WzdbzCtYzCiQgHqtPN—  
6 totaling 70,411.46 BTC.

7 3. On approximately April 9, 2013, the Bitcoin addresses that received the 70,411.46 BTC  
8 from Silk Road sent 69,471.082201 BTC (approximately \$14 million at the time of transfer) to  
9 1HQ3Go3ggs8pFnXuHVHRytPCq5fGG8Hbhx (hereafter “1HQ3”). Individual X is the individual that  
10 effectuated this transaction.

11 4. I have personally investigated and spoken with Individual X. Raymond Ngan is not  
12 Individual X. Furthermore, my investigation has not revealed any association or connection between  
13 Ngan and Individual X.

14 5. I have been provided with a list of twelve names who Claimants believe may be  
15 associates and/or affiliates of Raymond Ngan. None of these individuals is Individual X.

## 16 **SCAMS INVOLVING 1HQ3**

17 6. Since 2013, 1HQ3 has been one of the most sought-after Bitcoin addresses in history  
18 given the large number of bitcoins it held for years. On November 2, 2020, it was number five among  
19 the top 100 richest Bitcoin addresses. Attached hereto as Exhibit 1 is a true and accurate copy of a  
20 screenshot I took from a publicly available website showing 1HQ3 as the fifth richest Bitcoin address as  
21 of November 2, 2020, with a balance of 69,370 BTC (worth \$930,206,633 USD), equivalent to 0.3743%  
22 of all Bitcoin in circulation.

23 7. The lure and notoriety of 1HQ3 has made it a target and/or subject of numerous scams for  
24 years. For example, there have been numerous posts involving 1HQ3 on Pastebin.com, a text storage  
25 website that is a type of online content-hosting service where users can store plain text. Some of those  
26 posts include the following:

27 a. On approximately June 4, 2016, an unknown individual submitted a post to  
28 Pastebin ([www.pastebin.com/UPvLQDeH](http://www.pastebin.com/UPvLQDeH)), that contained 1HQ3 and about 999 other addresses. The

1 post claimed that anyone who paid 0.0005 BTC would receive the private keys for all the addresses in  
2 the list. It appears six people fell for this scam because the payment address received 0.0030 BTC. As  
3 described later, anyone who possesses the private key for a particular Bitcoin address has the ability to  
4 transfer bitcoin from the corresponding Bitcoin address.

5           b.       On approximately February 25, 2020, an individual using the moniker  
6 “KILOHACK3R” submitted a post to Pastebin ([www.pastebin.com/eKu5RttH](http://www.pastebin.com/eKu5RttH)) that contained 1HQ3  
7 and about 50 other Bitcoin addresses. The post claimed to be selling the private keys for all the  
8 addresses on the list for 0.01 BTC. It does not appear that anyone sent 0.01 BTC but the address  
9 received a total of about 0.005 BTC.

10           c.       Similar to the posts above, I found at least eight additional posts that offered the  
11 private keys for 1HQ3 for sale:

- 12                   i.   A post dated approximately January 15, 2018 claiming to have the private  
13                   keys for 40 addresses including 1HQ3 for the price of 0.1 BTC  
14                   ([www.pastebin.com/mvYN86t4](http://www.pastebin.com/mvYN86t4)).
- 15                   ii. A post dated approximately March 4, 2018 claiming to have the private keys  
16                   for 40 addresses including 1HQ3 for the price of 0.05 BTC  
17                   ([www.pastebin.com/nuAzpzdH](http://www.pastebin.com/nuAzpzdH)).
- 18                   iii. A post dated approximately January 2, 2018 claiming to have the private keys  
19                   for 40 addresses including 1HQ3 for the price of 0.37 BTC  
20                   ([www.pastebin.com/RzP8Ve9r](http://www.pastebin.com/RzP8Ve9r)).
- 21                   iv. A post dated approximately September 25, 2018 claiming to have the private  
22                   keys for 40 addresses including 1HQ3 for the price of 13.10 BTC  
23                   ([www.pastebin.com/14d6vv7v](http://www.pastebin.com/14d6vv7v)).
- 24                   v. A post dated approximately March 4, 2018 claiming to have the private keys  
25                   for 40 addresses including 1HQ3 for the price of 1.1 BTC  
26                   ([www.pastebin.com/0kenaYuL](http://www.pastebin.com/0kenaYuL)).

- vi. A post dated approximately November 30, 2017 claiming to have the private keys for 1,000 addresses including 1HQ3 for the price of 0.005 BTC ([www.pastebin.com/iBuuhbpM](http://www.pastebin.com/iBuuhbpM)).
- vii. A post dated approximately February 14, 2018 claiming to have the private keys for 350 addresses including 1HQ3, but did not require transferring Bitcoin to purchase the private keys but instead a link was provided that purported to allow the viewer to download the private keys ([www.pastebin.com/jJcsExbJ](http://www.pastebin.com/jJcsExbJ)).
- viii. A post dated approximately October 27, 2019 claiming to have the private keys for 40 addresses including 1HQ3 available for the price of 1.1 BTC ([www.pastebin.com/ARQbtNgf](http://www.pastebin.com/ARQbtNgf)).

8. Additionally, I am aware of attempts by others to falsely claim ownership of Bitcoin addresses with large balances, including at least two separate individuals claiming ownership or possession of the 69,370 BTC at issue in this case. For example, I was recently alerted to an individual who attempted to claim ownership of bc1qa5wkgaw2dkv56kfvj49j0av5nml45x9ek9hz6, the IRS-CI controlled Bitcoin address that received the 1HQ3 funds.

9. I also know of reports that a password protected wallet advertised to contain the private key for the 1HQ3 Bitcoin address was being passed around by hackers as recently as September of 2020, thereby making it possible for numerous individuals to claim they had this wallet but could not get into it. Although I believe that the wallet.dat file did not contain the private key for 1HQ3, it is possible that the wallet.dat file contained the private key. On September 9, 2020 Vice published an article titled “Hackers Are Trying to Break Into This Bitcoin Wallet Holding \$690 Million.” (Available online at <https://www.vice.com/en/article/bv8k4v/hackers-are-trying-to-break-into-this-bitcoin-wallet-holding-dollar690-million>.) The article states that hackers had been trading 1HQ3 on forums and underground marketplaces “in hopes of recovering the stash of cryptocurrency.” The article further states the following:

In the case of this Bitcoin wallet, it seems that it had been circulating for a while with no luck to those who attempt cracking it.

In fact, hackers have been trading the wallet on various occasions. On June 29 of last year, someone nicknamed humerh3 tried to sell the wallet on Bitcointalk, one of the most popular forums dedicated to the cryptocurrency. Another forum member noticed a listing on All Private Keys for the \$690 million wallet earlier this year as well. That listing is now gone, but another site has it on sale.

There is no guarantee, however, that this wallet.dat file that's going around actually holds the lost Bitcoin. It's possible that someone forged this wallet so that it would have the 1HQ3Go3ggs8pFnXuHVHRytPCq5fGG8Hbhx address but not its corresponding private key, which is what one would need to get the bitcoins, according to cryptocurrency experts.

### BITCOIN OVERVIEW

10. Through my training and experience, and through reference to open-source information available via the Internet, I know the following:

11. Bitcoin is a type of virtual currency.<sup>1</sup> Virtual currency (also known as cryptocurrency or digital currency) is a digital representation of value that can function as a medium of exchange, a unit of account, and/or a store of value.<sup>2</sup> Virtual currency is not issued by any government or bank. It is generated and controlled through computer software operating on a decentralized, peer-to-peer network. Virtual currency is not illegal in the United States and may be used for legitimate financial transactions. However, virtual currency is frequently used in conjunction with illegal or restricted activities, including, for example, purchasing illegal narcotics on darknet markets.

12. To send and receive bitcoin, the parties involved in a transaction use Bitcoin "addresses." A Bitcoin address is somewhat analogous to a bank account number and is represented as a 26-to-35-character-long case-sensitive string of letters and numbers. Each Bitcoin address is controlled through the use of a unique, private key. This key is the equivalent of a password or PIN and is necessary to access the funds associated with a Bitcoin address. Only the holder of a Bitcoin address' private key can authorize transfers of bitcoin from that address to other Bitcoin addresses. Users can operate multiple

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<sup>1</sup> Bitcoin is both a cryptocurrency and a protocol; because of this, capitalization differs. Accepted practice is to use "Bitcoin" (singular with an uppercase letter B) to label the protocol, software, and community, and "bitcoin" (with a lowercase letter b) to label units of the currency. That practice is adopted here.

<sup>2</sup> For the purposes of this affidavit, "digital currency," "cryptocurrency," and "virtual currency" address the same concept.

1 Bitcoin addresses at any given time and can use a unique Bitcoin address for each transaction.

2 13. When a sender initiates a Bitcoin transaction, the sender transmits a transaction  
3 announcement across the peer-to-peer Bitcoin network. To complete a transaction, a sender needs only  
4 the Bitcoin address of the receiving party and the sender's own private key. This information on its own  
5 rarely reflects any identifying information about either the sender or the recipient. As a result, little-to-  
6 no personally identifiable information about the sender or recipient is transmitted in a Bitcoin  
7 transaction itself. Once the sender's transaction announcement is verified by the network, the  
8 transaction is added to the blockchain, a decentralized public ledger that records every Bitcoin  
9 transaction. The blockchain logs every Bitcoin address that has ever received bitcoin and maintains  
10 records of every transaction for each Bitcoin address.

11 14. While a Bitcoin address owner's identity is generally anonymous within the blockchain  
12 (unless the owner chooses to make information about the owner's Bitcoin address publicly available),  
13 investigators can often use the blockchain to identify the owner of a particular Bitcoin address. Because  
14 the blockchain serves as a searchable public ledger of every Bitcoin transaction, investigators can trace  
15 transactions to, among other recipients, virtual currency exchanges.

#### 16 **REVIEWING THE BITCOIN PUBLIC LEDGER**

17 15. The Bitcoin public ledger can be accessed from any computer connected to the internet  
18 simply by searching for it in a search program like Google. The entire Bitcoin public ledger is stored on  
19 most of the computers that make up the peer-to-peer network.

20 16. Importantly, once a Bitcoin address is used, it becomes traceable by the history of all  
21 transactions that the address is involved with. Anyone can see the balance and all transactions of any  
22 address. This information is part of the public ledger.

#### 23 **PROOF OF OWNERSHIP OF BITCOIN ADDRESSES**

24 17. An individual can prove ownership of a Bitcoin address by using the address itself to sign  
25 a message via digital signature. The signing mechanism is the primary way of proving that a particular  
26 message or a piece of data comes from your end and not from someone else. By signing a message to a  
27 Bitcoin or cryptocurrency address, the signer is demonstrating that they are the owner of the funds that a  
28 wallet holds. The digital signature acts as proof that someone controls the private keys of the particular

1 address. In the Bitcoin community, there is a popular saying—“Not your keys, not your bitcoin”—  
2 which exemplifies the importance of actually possessing the private key to a Bitcoin address in order to  
3 establish true ownership.

4 18. For example, following the notorious Twitter hack in July of 2020 that compromised  
5 approximately 130 Twitter accounts pertaining to politicians, celebrities, and musicians, special agents  
6 in my squad seized the bitcoin received by the hackers through the scam and it is expected to be returned  
7 to their rightful owners. In the case of one victim, who needed to prove ownership of the Bitcoin  
8 address he used to send funds to the scammers, the victim verified ownership of the Bitcoin address by  
9 using the address to digitally sign a message. This is how ownership of a Bitcoin address is usually  
10 verified, not by simply providing a screenshot of a well-known address on a blockchain explorer site.

11 19. The document provided by counsel for Claimants to the government as Exhibit 5 in  
12 support of their claim as “proof” that Ngan owned or controlled 1HQ3 (attached hereto as Exhibit 2) is  
13 nothing more than a screenshot of a Bitcoin address available to the public on the top 10 richest Bitcoin  
14 address list. Nothing in that exhibit demonstrates proof of ownership or control in any way. By way of  
15 illustration, I do not have control over 35hK24tcLEWcgNA4JxpvbkNkoAcDGqQPSP (hereafter  
16 “35hK”) the richest Bitcoin address listed on Exhibit 1; however I can input that address into the same  
17 website (blockchain.com) and generate a similar screenshot to Exhibit 5. Attached hereto as Exhibit 3 is  
18 a true and accurate copy of the screenshot I generated by inputting 35hK into blockchain.com. This is  
19 not proof that I have ownership, possession, or control over 35hK and those in the Bitcoin community  
20 would scoff at anyone suggesting as much.

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

20. I know that Claimants' Exhibit 5 was extracted by using a search function on blockchain.com because the link to <https://www.blockchain.com/btc/address/1HQ3Go3ggs8pFnXuHVHRytPCq5fGG8Hbhx> is explicitly stated in the footer of the exhibit and because the document itself contains links to the website (which can be accessed by any member of the public with an Internet browser).

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief. Executed this 13th day of July, 2021 in East Lansing, Michigan.

/s/ Jeremiah Haynie  
JEREMIAH HAYNIE  
Special Agent  
Internal Revenue Service – Criminal Investigation



# **EXHIBIT 1**

INTERNET ARCHIVE

Wayback Machine

https://bitinfocharts.com/top-100-richest-bitcoin-addresses.html

Go

SEP

NOV

DEC

02

2019

2020

2021

356 captures

30 Nov 2013 – 10 Jun 2021

GET APP

f

t

About this capture

Top 100 Richest Bitcoin Addresses

| Address  | Balance $\Delta 1w/\Delta 1m$  | % of coins | First In            | Last In             | Number Of Ins | First Out           | Last Out            | Number Of Outs |
|--|--|------------|---------------------|---------------------|---------------|---------------------|---------------------|----------------|
| 1 <a href="#">35hK24tcLEWcgNA4JxpvbkNkoAcDGqQPSP</a> <small>3-of-7</small><br>wallet: <a href="#">Huobi-coldwallet</a> | 177,502 BTC (\$2,380,179,254 USD) <small>-26000 BTC / -50000 BTC</small> | 0.9578%    | 2019-01-25 04:43:53 | 2020-11-02 01:00:40 | 448           | 2019-01-25 04:58:54 | 2020-11-02 01:00:40 | 160            |
| 2 <a href="#">37XuVSEpWW4trkfmvWzegTHQt7BdktSKUs</a>   | 94,506 BTC (\$1,267,257,696 USD)   | 0.5100%    | 2019-09-05 23:30:05 | 2020-10-31 17:26:35 | 83            |                     |                     |                |
| 3 <a href="#">1FeexV6bAHb8ybZjqQMjJrcCrHGW9sb6uF</a>   | 79,957 BTC (\$1,072,170,701 USD)   | 0.4315%    | 2011-03-01 05:26:19 | 2020-10-31 16:54:51 | 352           |                     |                     |                |
| 4 <a href="#">34xp4vRoCGJym3xR7yCVPFHoCNxv4Twseo</a><br>wallet: <a href="#">Binance-coldwallet</a>                     | 73,436 BTC (\$984,729,608 USD)   | 0.3963%    | 2018-10-18 08:59:18 | 2020-10-31 17:26:35 | 424           | 2018-10-18 09:19:26 | 2020-04-29 15:19:53 | 373            |
| 5 <a href="#">1HQ3Go3ggs8pFnXuHVHRytPCq5fGG8Hbhx</a>   | 69,370 BTC (\$930,206,633 USD)   | 0.3743%    | 2013-04-09 17:03:36 | 2020-10-29 06:44:45 | 235           | 2015-04-23 10:10:25 | 2015-04-23 10:10:25 | 1              |

## **EXHIBIT 2**

WALLET

DATA

API

ABOUT




BLOCK, HASH, TRANSACTION

# Bitcoin Address

## Summary

|          |  |
|----------|--|
| Address  | 1HQ3Go3ggs8pFnXuHVHRytPCq5fGG8Hbhx       |
| Hash 160 | b3dd79fb3460c7b0d0bbb8d2ed93436b88b6d89c |

## Transactions

|                  |                     |   |
|------------------|---------------------|---|
| No. Transactions | 159                 |  |
| Total Received   | 69,471.12363147 BTC |  |
| Final Balance    | 69,370.12363147 BTC |  |

Request Payment


Donation Button



## Transactions


Filter▼

|   |                     |
|---|---------------------|
| 0666de82d8b58570da093c09e96041c5b7e21ecda41...                          | 2018-12-17 06:06:08 |
| 3BU1rT4aZFTDDWt6yxheedV8kbdrU2WMqM → 1HQ3Go3ggs8pFnXuHVHRytPCq5fGG8Hbhx | 0.00001088 BTC      |
|   | 0.00001088 BTC      |



Compare, convert, and analyze the top cryptos

TRACK THE MARKET



|   |                     |
|---|---------------------|
| 813ba20bd5de583397bee08b69b85ac5c2dae8afd5d...                          | 2018-12-09 04:52:19 |
| 199J6ZBSFsLtrRX5WuCiZCynj7Zh3hZcgV → 1HQ3Go3ggs8pFnXuHVHRytPCq5fGG8Hbhx | 0.00000888 BTC      |

## **EXHIBIT 3**

Sponsored Content

Explorer > Bitcoin Explorer > Address

Search your transaction, an address or a block

USD

Address ⓘ

USD    **BTC**

This address has transacted 391 times on the Bitcoin blockchain. It has received a total of 279,904.98830224 BTC (\$9,725,830,638.04) and has sent a total of 172,453.29865255 BTC (\$5,992,217,522.95). The current value of this address is 107,451.68964969 BTC (\$3,733,613,115.09).



|                |                                    |
|----------------|------------------------------------|
| Address        | 35hK24tcLEWcgNA4JxpvbkNkoAcDGqQPSP |
| Format         | BASE58 (P2SH)                      |
| Transactions   | 391                                |
| Total Received | 279904.98830224 BTC                |
| Total Sent     | 172453.29865255 BTC                |
| Final Balance  | 107451.68964969 BTC                |